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TO RUEHC/SECSTATE WASHDC IMMEDIATE 2791
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RUEHMO/AMEMBASSY MOSCOW IMMEDIATE 2558
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RHEBAAA/DEPT OF ENERGY WASHDC IMMEDIATE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHDC
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EUR/NCE FOR DKOSTELANCIK AND BPUTNEY
EB/ERA FOR LCATIPON, DLIPPEATT
EB/ESC/IEC FOR SGALLOGLY, JLEWANDOWSKI, RGARVERICK
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USDOC FOR 4232/ITA/MAC/EUR/JBURGESS, JKIMBALL, MWILSON
TREASURY FOR MGAERTNER

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SUBJECT: Poland: GOP Unconcerned about Druzba Oil Cut

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1. (U) Polish Deputy Minister of Economy Piotr Naimski confirmed that oil supply to Poland through the Druzba oil pipeline from Belarus was cut on January 7 at approximately 2200, reinstated at 0300, then cut it again at approximately 0600 on January 8. One hundred percent of Polish oil supply from the East transits Belarus. Naimski noted that the oil cut is related to political problems between Russia and Belarus in regards to tariffs for oil transport. He characterized the Russian and Belarussian governments as playing a game with oil resources. He added that it appears that there is also a problem with deliveries of Russian oil at the Russian-Ukrainian border.

2. (U) Naimski stated that the Belarussian Ambassador, in a meeting the Ambassador requested with office directors at the Ministry of Economy, stated that the official position of the Belarussian MFA is that deliveries of oil to Poland continue and that there is no supply problem. Naimski stressed that this is untrue, that as of his 1300 press conference on January 8 there is no supply of oil at the Adamov supply point on the Belarussian-Ukrainian border.

3. (U) Deputy Minister Naimski emphasized that he is not concerned about Polish energy security and the oil stoppage because Poland currently has 80 days of oil and fuel supply in storage. Consumers should not fear price hikes or lack of supply. He also explained that the Plock and Gdansk refineries have adequate storage reserves that will allow them to continue operating until they can contract to purchase additional oil for delivery to the Gdansk Naftoport if the dispute drags on. The Gdansk Naftoport and the Gdansk-Plock oil pipeline have sufficient capacity to allow refinery operations to continue using spot oil purchases. PKN Orlen and Lotos, owners of the Plock and Gdansk refineries, are currently negotiating spot contracts to ensure continued supply.

4. (U) The GOP informed the European Union, the International Energy Agency (IEA), and the German government, as EU President, of the situation. Naimski used his press conference to assert that the cut-off proves that the GOP should continue pursuing the Odessa-Brody-Gdansk oil pipeline as a way to diversify Poland's oil supply. He also asked the Sejm to quickly pass pending legislation

that is required for Poland to join the IEA - which Poland hopes to join this year.

15. (SBU) Comment: Some of the GOP's moves in the last year to improve Poland's energy security appear to be paying off in the current situation. After last January's gas disruption, the GOP increased oil and gas reserves and began to seriously pursue IEA membership. With 80 days of oil reserves and the oil port in Gdansk, the GOP can afford to sit back and watch the Belarussian-Russian spat play out. Deputy Minister Naimski laid blame equally for the cut-off on both the Russian and Belarussian governments. If the GOP continues to stay neutral in the fight, it will help to ensure that its companies will be able to negotiate spot contracts and keep the country humming.

HILLAS